

## About the Survey The Annual Survey of Entrepreneurs (ASE)

### Purpose

The Annual Survey of Entrepreneurs (ASE) provides information on selected economic and demographic characteristics for businesses and business owners by gender, ethnicity, race, and veteran status. Title 13 of the United States Code authorizes this survey and provides for mandatory responses. The ASE represents an exciting public-private partnership between the Census Bureau, the Ewing Marion Kauffman Foundation and the Minority Business Development Agency (MBDA). The partnership with the Kauffman Foundation and the MBDA supported costs associated with designing the survey, developing new content, mailing to sampled businesses, data processing and editing, and developing data products for disseminating survey results. The Census Bureau collaborated with the Kauffman Foundation to use their expertise in entrepreneurship research to develop new relevant content and the resulting data products. The Census Bureau's collaboration with the MBDA will help complete the picture of business ownership by producing modeled estimates for nonemployer businesses by gender, ethnicity, race, and veteran status (available in 2017).

### Coverage

Included are all nonfarm businesses filing Internal Revenue Service tax forms as individual proprietorships, partnerships, or any type of corporation, and with receipts of \$1,000 or more. The ASE covers firms with paid employees. The ASE is conducted on a company or firm basis rather than an establishment basis. A company or firm is a business consisting of one or more domestic establishments that the reporting firm specified under its ownership or control.

The data are compiled by combining data collected on businesses and business owners in the ASE with data collected on the main economic census and administrative records.

Business ownership is defined as having 51 percent or more of the stock or equity in the business and is categorized by:

- Gender: Male; female; or equally male/female
- Ethnicity: Hispanic; equally Hispanic/non-Hispanic; non-Hispanic
- Race: White; Black or African American; American Indian or Alaska Native; Asian; Native Hawaiian or Other Pacific Islander; some other race; minority; equally minority/nonminority; nonminority
- Veteran status: Veteran; equally veteran/nonveteran; nonveteran
- Publicly held and other firms not classifiable by gender, ethnicity, race, and veteran status

Firms equally male-/female-owned, equally minority-/nonminority-owned, and equally veteran-/nonveteran-owned are counted and tabulated as separate categories.

## Content

The ASE collects statistics on the characteristics of businesses and their owners. Additionally, estimates are produced for employer businesses on the number of firms, sales and receipts, annual payroll, and employment. Data are presented by gender, ethnicity, race, and veteran status for the United States by 2-digit 2012 North American Industry Classification System (NAICS), states, the top 50 metropolitan statistical areas, employment size, receipts size, and number of years in business.

The ASE covers 20 NAICS industries, except those classified as:

- Crop and Animal Production (NAICS 111, 112)
- Rail Transportation (NAICS 482)
- Postal Service (NAICS 491)
- Monetary Authorities-Central Bank (NAICS 521)
- Funds, Trusts, and Other Financial Vehicles (NAICS 525)
- Religious, Grantmaking, Civic, Professional, and Similar Organizations (NAICS 813)
- Private Households (NAICS 814)
- Public Administration (NAICS 92)

## Frequency

The ASE is conducted on an annual basis for three reference years starting with reference year 2014. The ASE is the first attempt to produce annual estimates on businesses and business ownership by gender, ethnicity, race, and veteran status as a supplement to the Survey of Business Owners (SBO), conducted every five years as part of the economic census. In order to produce the most accurate and robust data, estimates will be revised for the prior year annually. Data revisions are based on improvements to the survey methods, new administrative data obtained by the Census Bureau, and/or changes to the business organization or ownership. Additionally, ASE estimates may be revised to reflect historical corrections. Corrections are made to replace imputed data with reported data obtained from the company later or to replace reported data with more accurate data.

## Methods

The ASE collection is electronic only. The ASE samples approximately 290,000 employer businesses in operation anytime during the survey year. Those selected for the survey receive an initial letter informing the respondents of their requirement to complete the survey as well as instructions on accessing the survey.

The following sources of information are used to estimate the probability that a business is minority- or women-owned:

- Administrative data from the Social Security Administration.
- Lists of minority- and women-owned businesses published in syndicated magazines, located on the Internet, or disseminated by trade or special interest groups.
- Word strings in the company name indicating possible minority ownership.
- Racial distributions for various state-industry classes and racial distributions for various ZIP Codes.
- Gender, ethnicity, race, and veteran status responses of a single-owner business to a previous SBO or to the 2010 Decennial Census.

These probabilities are then used to place each firm in the ASE universe in one of nine frames for sampling:

- American Indian
- Asian
- Black or African American
- Hispanic
- Non-Hispanic white men
- Native Hawaiian and Other Pacific Islander
- Other (a different race was supplied as a write-in to another source)
- Publicly owned
- Women

The ASE universe is stratified by metropolitan statistical area (MSA), frame, and age of business. The Census Bureau selects large companies with certainty. These companies are selected based on volume of sales, payroll, or number of paid employees. All certainty cases are sure to be selected and represent only themselves (i.e., have a selection probability of one and a sampling weight of one). The certainty cutoffs vary by sampling stratum, and each stratum is sampled at varying rates, depending on the number of firms in a particular stratum. The remaining universe is subjected to stratified systematic random sampling.

## Data Products

Estimates for employer businesses include the number of firms, sales and receipts, annual payroll, and employment by gender, ethnicity, race, and veteran status. Data are presented by business and business owner characteristics by demographic category. Additionally, the ASE introduces a new module each year to capture information on relevant business components. For the 2014 ASE, the selected module asks questions about business innovation and research and development activity.

Estimates are available for the United States, states and top 50 metropolitan statistical areas.

## Uses

Government program officials, industry organization leaders, economic and social analysts, researchers, and business entrepreneurs are users of ASE statistics. Examples of data use includes:

- The Small Business Administration (SBA) and the Minority Business Development Agency (MBDA) to assess business assistance needs and allocate available program resources.
- Local government commissions on small and disadvantaged businesses to establish and evaluate contract procurement practices.
- Federal, state, and local government agencies as a framework for planning, directing, and assessing programs that promote the activities of disadvantaged groups.
- A national women-owned business trade association to assess women-owned businesses by industry and area and to educate other industry associations, corporations, and government entities.
- Consultants and researchers to analyze long-term economic and demographic shifts and differences in ownership and performance among geographic areas.
- Individual business owners to analyze their operations in comparison to similar firms, compute their market share, and assess their growth and future prospects.
- Researchers and businesses to understand the innovation or research and development activities conducted by entrepreneurs.
- Federal agencies to assess the competitiveness of businesses by ownership characteristics.
- Data users to understand time-series data in certain industries for entrepreneurs.
- Business owners or prospective business owners to gain knowledge about the funding of businesses.

## Special Features

The ASE provides annual data on the status, nature, and scope of women-, minority-, and veteran-owned businesses. The unique design of the ASE allows for flexible content, measuring a new relevant economic topic each survey year. Additionally, the ASE produces estimates by the number of years a firm has been in business, offering a rare look at the makeup of young businesses and established businesses.

**Related Information** Survey of Business Owners and Self-Employed Persons (SBO)